

MIDDLESBROUGH COUNCIL

EXECUTIVE SUB-COMMITTEE FOR PROPERTY

**VANCOUVER HOUSE, GURNEY STREET, MIDDLESBROUGH TS1 1JL
PROPOSED FREEHOLD SALE – PART A**

Executive Member for Finance & Governance: Councillor Nicky Walker
Strategic Director for Finance, Governance & Support: James Bromiley

Date: 22nd March 2017

PURPOSE OF THE REPORT

1. The purpose of the report is to consider the proposal to dispose of the Council's freehold interest in Vancouver House.

SUMMARY OF RECOMMENDATIONS

2. To consider the tender proposals forwarded to the Council for consideration in Part B of this Report and identify a preferred bidder.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£150,000)
It has a significant impact on 2 or more wards
Non Key

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

BACKGROUND

5. Situated on the junction of Corporation Road and Gurney Street, the subject property is located within a mixed commercial, retail and residential area of the town. With proximity to both the town centre and the A66, the property also lies within walking distance of Teesside University.
6. Shown blocked out on the plan attached, the subject property comprises a seven storey office building measuring @ 92,285 Sqft [8,573 Sqm]. The property has a basement, together with six upper floors laid out predominantly as open plan office accommodation.
7. In addition to this office accommodation, there are also a number of small retail units situated at ground floor level. Each of these units is independently accessible from the rear of the building, as well as from the respective frontages to Corporation Road and Gurney Street.
8. Having been deemed by the Council to be surplus to operational requirements, the subject property was marketed by Knight Frank in local, regional, national and digital media during the period June to August 2016.
9. The building is currently part vacant – please note that the Council continues to utilise accommodation within the building for the purpose of providing office space for staff, but has established plans in place to vacate the building upon confirmation that the proposed disposal of the property is to proceed.
10. In addition to this occupation, a number of third party leaseholders also occupy the small retail units referred to in Paragraph No.08 above – with the Council's intention being that these respective occupations are to be left undisturbed through the process of disposal.
11. Knight Frank advise that a total of 5 tenders were submitted by 3 different bidders in response to the formal marketing exercise that was carried out on the Council's behalf.

IMPACT ASSESSMENT (IA)

12. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report in Appendix 1.
13. The impact assessment identified that the proposal would have a positive impact on the local community as it would make it more likely that the property, which is part vacant and surplus to Council needs, was brought back into a more beneficial future use.
14. The impact assessment undertaken found that there were no concerns that the proposal could have an adverse impact. In addition, the Council's development control planning process would also serve to ensure that any future use proposed would be appropriate for the local area.

OPTION APPRAISAL/RISK ASSESSMENT

15. **Option 1:** To reuse the property for another purpose - no Council operational requirement has been identified.
16. **Option 2:** To proceed with the sale of the property in accordance with the recommendations made in this report – in order to meet the Council's requirement to generate capital receipts, and bring the building and land into a far more beneficial use in the future.
17. **Option 3:** Do nothing – the property would remain in its present state. Whilst it would be retained for potential future Council use, the liability and responsibility for maintaining and holding the property would remain with the Council in the interim.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

18. **Financial** – The Council would receive a capital receipt plus fees, without the need to incur any further marketing costs.
19. **Legal** – The property has been marketed freehold with vacant possession in part, but for the avoidance of doubt includes the small retail units situated at ground floor level currently occupied by a number of third party leaseholders.
20. The Council proposes to leave these respective occupations undisturbed through the process of disposal, via the transfer of the existing lease agreements to the future building owner upon legal completion.
21. **Ward** – The property is situated in Central Ward and the respective Ward Members have been consulted on the potential to dispose of the property.
22. Members will also be consulted on any subsequent proposal as part of the normal planning process.

RECOMMENDATIONS

23. To consider the tender proposals forwarded to the Council for consideration in Part B of this Report and identify a preferred bidder.

REASON

24. This will result in the disposal of a surplus property in return for a capital receipt to the Council and assist in the regeneration and enhancement of the local area.

BACKGROUND PAPERS

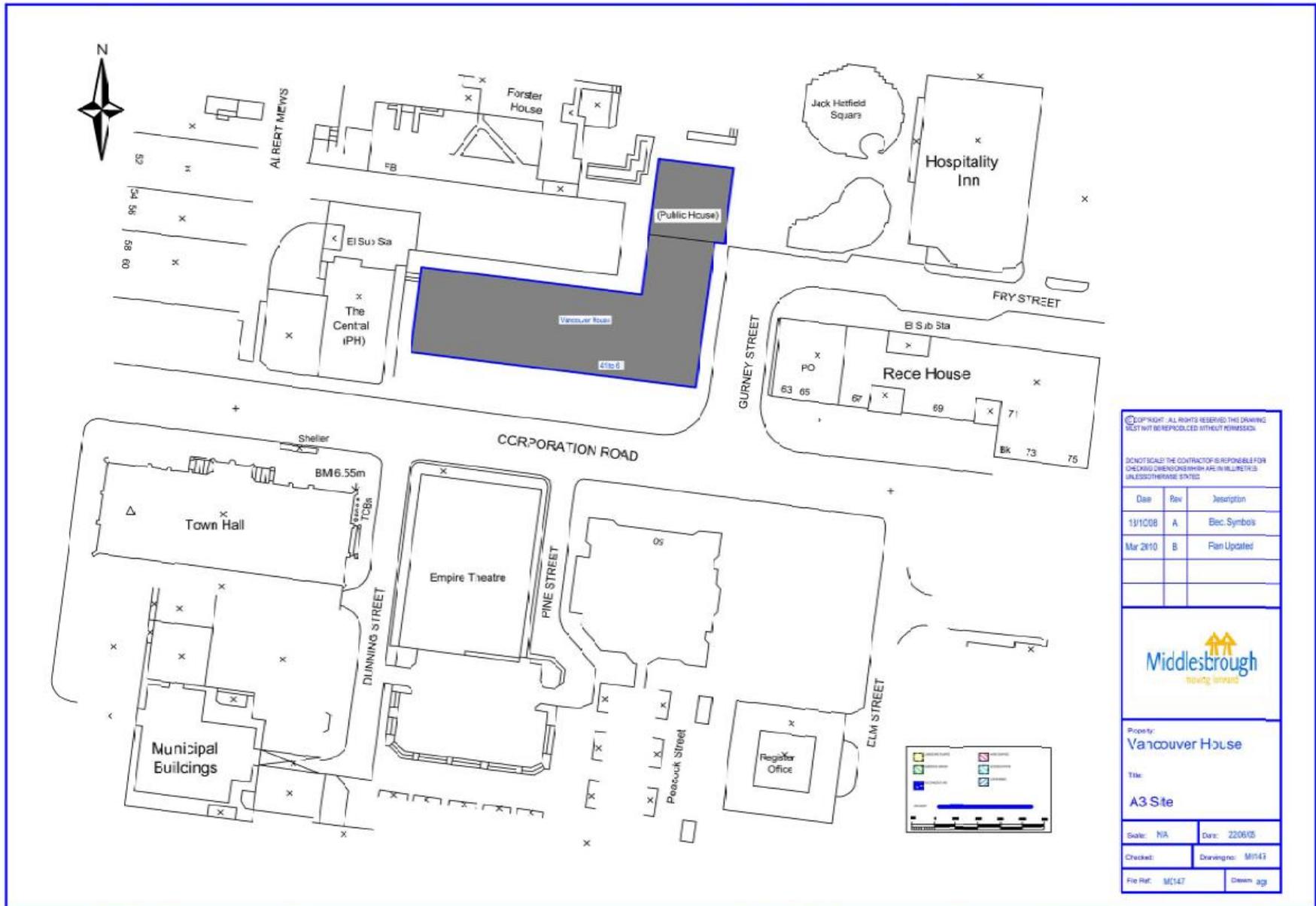
No background papers were used in the preparation of this report

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DISCLAIMER: THE CONTRACTOR IS RESPONSIBLE FOR CHECKING DIMENSIONS WHICH ARE IN MILLIMETRS UNLESS OTHERWISE STATED.

Date	Rev	Description
13/10/08	A	Dec. Symbols
Mar 2010	B	Plan Updated



Property:
Vancouver House

Title:
A3 Site

Scale: NA Date: 22/06/05

Checked: Drawingno: M1143

File Ref: M1147 Drawn: agj

Appendix 1 - Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Disposal of the Council's freehold interest in the land and buildings at Vancouver House, Gurney Street, Middlesbrough			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Asset management		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p>Key aims, objectives and activities To assess the impact of the proposal to dispose of Council property deemed to be surplus to operational requirements.</p> <p>Statutory drivers (set out exact reference) The Local Government Act 1972 Section 123, as amended by the Local Government Planning and Land Act 1980 Section 118 Schedule 23 Part V.</p> <p>Differences from any previous approach Formerly used by the Council as an office and also for retail purposes by a number of third party leaseholders - the subject property is part vacant. Whilst Council staff occupying the building are to be relocated prior to disposal, the third party leaseholders will be left undisturbed through the process of disposal, via transfer of their respective agreements upon legal completion. Future use will be for hotel and/or commercial purposes.</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate) The Council, preferred bidder and the local community.</p> <p>Intended outcomes The proposed disposal of the subject site would:</p> <ul style="list-style-type: none"> • generate a significant capital receipt for the Council; • create new jobs within the borough; • remove the Council's liability for future holding costs, responsibility for, and maintenance of the property, and • help stimulate further development in the local area, and bring the subject property back into a more positive future use. 			
Live date:	Thursday 23 rd February 2017.			
Lifespan:	Not applicable.			
Date of next review:	Not applicable.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights</p> <p>Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is considered that the disposal of the subject property will not impact negatively on individual human rights as the proposal represents a significant and positive enhancement for the local and wider area, which outweighs the loss of the building and parcel of land. This assessment has been made taking into account:</p> <ul style="list-style-type: none"> the fact that the property is part vacant and that Council staff will be relocated to other buildings within the Town, plus the occupation of the third party leaseholders will be protected accordingly; the new jobs that future re-use of the property will create, and the potential for this proposal to stimulate further economic development within the borough.
<p>Equality</p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to:</p> <ol style="list-style-type: none"> eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>Consideration of this duty has shaped the proposals.</p> <p>The property is part vacant and fulfils no specific function, purpose or service. The small retail units currently occupied by the third party leaseholders are to be left undisturbed and all Council staff will be relocated prior to disposal. In accordance with this position, access to and delivery of Council services will not be affected by the proposed disposal.</p> <p>Due to the subject property being located within close proximity to the areas of recreational open space provided by Central Square, it is considered that the proposal will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic.</p> <p>Evidence used to inform this assessment includes engagement to date with relevant Council departmental teams and the proposed purchaser, together with analysis of the terms and conditions that will be incorporated within the proposed sale.</p>

* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p>Community cohesion</p> <p>Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There are no concerns that the proposal could have an adverse impact on community cohesion.</p> <p>Evidence used to inform this impact assessment includes the potential for bringing this property back into a far more beneficial future use than that being provided under the current ownership and management arrangement.</p>
<p>Middlesbrough 2020 – Our Vision</p> <p>Could the decision impact negatively on the achievement of the vision for Middlesbrough?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The disposal of Vancouver House is intended to facilitate regeneration, and as such, it is considered that it will contribute <i>positively</i> towards the Middlesbrough 2025 Vision, specifically in respect of Aim 2 (‘a learning town, in which families and communities thrive), where one of the priorities is for more people to be working. This assessment has been made taking into account the new jobs that will be created in the Borough by bringing this property back into a far more beneficial future use.</p>
<p>Organisational management / Change Programme</p> <p>Could the decision impact negatively on organisational management or the transformation of the Council’s services as set out in its Change Programme?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>No tangible relationship between the disposal of the property and the organisational management of the Council, or the transformation of its services (as set out in its Change programme), have been identified.</p>
<p>Next steps:</p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

Assessment completed by:	David Velemir	Head of Service:	Ian Wright
Date:	23/02/2017	Date:	23/02/2017